

# FRIANT WATER AUTHORITY

January 24, 2014

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Kern-Tulare W.D.  
Lindmore I.D.  
Lindsay-Strathmore I.D.  
Lower Tule River I.D.  
Madera I.D.  
Orange Cove I.D.  
Pixley I.D.  
Porterville I.D.  
Saucelito I.D.  
Shafter-Wasco I.D.  
Stone Corral I.D.  
Tea Pot Dome W.D.  
Terra Bella I.D.  
Tulare I.D.

Michelle H. Denning  
Regional Planning Officer  
Bureau of Reclamation  
2800 Cottage Way, MP-700  
Sacramento, CA 95825  
Via email: [mdenning@usbr.gov](mailto:mdenning@usbr.gov)

Subject: Comments on the Draft Delta-Mendota Canal/California Aqueduct Intertie  
(Intertie) Cost Allocation Information Report – Central Valley Project

Dear Ms. Denning:

Thank you for the opportunity to comment on the Intertie Cost Allocation Information Report (Report). On behalf of the Friant Water Authority's (FWA) twenty member districts, we concur with the general approach taken by Reclamation in determining allocation of the Intertie, namely, to be based on expected benefits and beneficiaries.

We do, however, have the following comments relative to the cost allocation analysis:

Allocation of Intertie as a separate facility: We support the view that the Intertie is a facility distinct from the Jones Pumping Plant and the Delta-Mendota Canal and provides benefits primarily to a distinct group of water contractors and thus a separate allocation of the facility to those primary beneficiaries is warranted.

Cross Valley Contractors: As you are aware, FWA represents the three largest Cross Valley Contractors. Those contractors have indicated that Cross Valley water supplies are transported from the Delta exclusively by the State Water Project facilities. If Intertie costs are to be allocated to Cross Valley Contractors, further explanation is needed as to the frequency and magnitude of the use of the Intertie to provide Cross Valley water supplies that would support the allocation derived in the Report.

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North-of-Delta Agriculture: It is not clear how benefits are derived from the Intertie for North-of-Delta Agriculture. As the North-of-Delta contractors are not in the geographical area served by the DMC/San Luis facilities, an explanation of benefits to those contractors is needed.

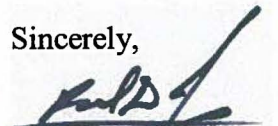
South of Delta Agriculture Allocation: Given current operations and priority of water service, it is fairly clear that the vast majority of the benefits are for CVP South of Delta (San Luis Unit) Contractors. It is less clear if the Intertie would be used exclusively for agricultural water deliveries as there is no allocation of Intertie costs to South of Delta M&I contractors. An explanation may be in order demonstrating the basis for the allocation solely to agricultural purposes.

Assessment of costs to other water contractors: As we have expressed previously, in the event the Intertie is used intermittently by parties other than those allocated capital costs under Reclamation's ratesetting and cost allocation policies, such parties should have the appropriate capital rate component assessed and applied against the Intertie costs, comparable to the way incremental costs are assessed for transferred water when additional facilities are used beyond facilities allocated to the party benefiting from the transfer. For example, should it be determined that absent the Intertie, Exchange Contractor deliveries would not have been satisfied, the Exchange Contractor water would be assessed the Capital Rate on the volume of water deemed satisfied because of the ability to utilize the Intertie. The same would hold true for Cross Valley water or recirculation water under the San Joaquin River Settlement.

Nexus to Intertie O&M cost allocation: Finally, while this analysis is focused on allocation of the capital costs of the Intertie, as you are aware, the San Luis and Delta-Mendota Water Authority (SLDMWA) and the FWA have a dispute with respect to allocation of O&M costs of the Intertie under the SLDMWA "Transfer Agreement". SLDMWA and FWA have requested Reclamation to provide its opinion on the appropriate O&M allocation of Intertie costs. FWA requests that Reclamation consider the Intertie capital cost allocation as it evaluates the O&M cost allocation for the Intertie as consistency would seem to be in order.

Please feel free to contact me should you desire to discuss this further or if you would like to receive the information we have previously provided to Reclamation.

Sincerely,



Ronald D. Jacobsma  
General Manager

RDJ: tm

cc: FWA Member Districts